



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
-----------------	-------------	----------------------	---------------------	------------------

10/707,491

12/17/2003

Emerson P. Jones

17209-455

1490

54205 7590 12/11/2009
CHADBOURNE & PARKE LLP
30 ROCKEFELLER PLAZA
NEW YORK, NY 10112

EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT

PAPER NUMBER

3695

MAIL DATE

DELIVERY MODE

12/11/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

1 UNITED STATES PATENT AND TRADEMARK OFFICE

2
3
4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES
6

7
8 *Ex parte* EMERSON P. JONES,
9 KAREN SCHOEN, and
10 IVAN ROSS
11

12
13 Appeal 2009-002930
14 Application 10/707,491
15 Technology Center 3600
16

17
18 Decided: December 10, 2009
19
20

21 Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and JOSEPH
22 A. FISCHETTI, *Administrative Patent Judges*.
23 FETTING, *Administrative Patent Judge*.

24 DECISION ON APPEAL
25

1 STATEMENT OF THE CASE

2 Emerson P. Jones, Karen Schoen, and Ivan Ross (Appellants) seek
3 review under 35 U.S.C. § 134 (2002) of a final rejection of claims 1-33, the
4 only claims pending in the application on appeal.

5 We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b)
6 (2002).

7 SUMMARY OF DECISION¹

8 We AFFIRM and ENTER A NEW GROUND OF REJECTION
9 PURSUANT TO 37 C.F.R §41.50(b).

10 THE INVENTION

11 The Appellants invented a method and apparatus for conducting
12 financial transactions (Spec. ¶ 0002).

13 An understanding of the invention can be derived from a reading of
14 exemplary claims 1, 13, 15, 22, 25, and 32, which are reproduced below
15 [bracketed matter and some paragraphing added].

¹ Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed August 30, 2007) and Reply Brief ("Reply Br.," filed November 30, 2007), and the Examiner's Answer ("Ans.," mailed October 1, 2007), and Final Rejection ("Final Rej.," mailed July 14, 2006).

- 1 1. A method for issuing a unit to a holder, comprising:
- 2 [1] creating a forward contract with said holder having a
- 3 contract term extending from an issue date of said unit to a
- 4 settlement date and specifying a settlement rate for calculating a
- 5 share delivery of issuer stock to said holder at said settlement
- 6 date in exchange for a settlement amount;
- 7 [2] creating a note securing obligations of said holder under
- 8 said forward contract, said note permitting said holder to
- 9 convert said note into an amount of shares of issuer stock
- 10 pursuant to a specified conversion formula; and
- 11 [3] issuing, using a processor, said forward contract and said
- 12 note as a unit.

13

- 14 13. The method of claim 8, wherein said contingent note
- 15 includes at least one of an interest adjustment mechanism and a
- 16 contingent cash interest mechanism.

17

- 18 15. The method of claim 1, wherein said note further includes a
- 19 first remarketing scheduled on a first remarketing date
- 20 occurring prior to said settlement date.

21

- 22 22. A unit administration system, comprising:

23 [1] a processor; and

24 [2] a storage device in communication with said processor

25 and storing instructions adapted to be executed by said

26 processor to:

27 [a] identify terms of a forward contract involving an

28 issuer, a holder and an equity security;

29 [b] identify terms of a contingent convertible debt

30 instrument involving said issuer, said holder and said

31 equity security; and

32 [c] cause the issuance of a unit to said holder, said unit

33 including said forward contract and said contingent

34 convertible debt instrument.

1

2

25. A method for issuing a unit to a holder, comprising:

3

[1] establishing a purchase contract portion of said unit with said holder, said purchase contract portion identifying a settlement price to be paid on a settlement date by said holder in exchange for a number of shares having a predetermined value;

8

[2] establishing a note portion of said unit, said note portion including terms identifying a maturity date, an initial principal amount, at least a first remarketing date, and at least one contingent feature; and

10

11

12

[3] issuing, using a processor, said unit to said holder.

13

14

32. A unit pricing device, comprising:

15

[1] a processor;

16

[2] a communication device coupled to receive market information from at least a first market data source; and

17

18

[3] a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:

20

21

[a] receive data identifying terms of a proposed unit including data identifying terms of a forward contract involving an issuer and an equity security, and data identifying terms of a contingent convertible debt instrument involving said issuer and said equity security;

22

23

24

25

26

[b] receive said market information from said market data source; and

27

28

[c] generate, based on said market information and said terms of said proposed unit, pricing data associated with said proposed unit.

29

30

31

32

33

1 THE REJECTIONS

2 The Examiner relies upon the following prior art:

King et al	US 5,704,045	Dec. 30, 1997
Daughtery, III	US 6,263,321 B1	Jul. 17, 2001
Green et al.	US 2003/0093375 A1	May 15, 2003
Birle, Jr. et al	US 2003/0130941 A1	Jul. 10, 2003
Marlowe-Noren	US 2004/0193536 A1	Sep. 30, 2004

3 John Downs and Jordan Elliot Goodman, *Dictionary of Finance and*
4 *Investment Terms 5th Edition*, Barron's Educational Series, 1998
5 ("Barron's").

6

7 Claims 1-12, 14, and 20-24 stand rejected under 35 U.S.C. § 103(a) as
8 unpatentable over Birle and Barron's.

9 Claim 13 stands rejected under 35 U.S.C. § 103(a) as unpatentable over
10 Birle, Barron's, and King.

11 Claims 15-19 stand rejected under 35 U.S.C. § 103(a) as unpatentable
12 over Birle, Barron's, and Daughtery.

13 Claims 25- 31² stand rejected under 35 U.S.C. § 103(a) as unpatentable
14 over Birle, Barron's, Daughtery, and Marlowe-Noren.

15 Claims 32-33 stand rejected under 35 U.S.C. § 103(a) as unpatentable
16 over Birle, Green, and Barron's.

² The Examiner failed to include claim 30 under any rejection. Since claim 30 has not separately been contested and therefore the Appellants have waived any separate arguments for claim 30, we are including claim 30 in the rejection over Birle, Barron's, Daughtery, and Marlowe-Noren.

ISSUES

The issues pertinent to this appeal are:

- Whether the Appellants have sustained the burden of showing that the Examiner erred in rejecting claims 1-12, 14, and 20-24 under 35 U.S.C. § 103(a) as unpatentable over Birle and Barron's.
 - This pertinent issue turns on whether the Birle describes a forward contract and a note and whether the Examiner's construction of a forward contract is proper.
- Whether the Appellants have sustained the burden of showing that the Examiner erred in rejecting claims 13 under 35 U.S.C. § 103(a) as unpatentable over Birle, Barron's, and King.
 - This pertinent issue turns on whether the Appellants' arguments in support of claims 1-12, 14, and 20-24 are found persuasive.
- Whether the Appellants have sustained the burden of showing that the Examiner erred in rejecting claims 15-19 under 35 U.S.C. § 103(a) as unpatentable over Birle, Barron's, and Daughtery.
 - This pertinent issue turns on whether the Appellants' arguments in support of claims 1-12, 14, and 20-24 are found persuasive.
- Whether the Appellants have sustained the burden of showing that the Examiner erred in rejecting claims 25- 31 under 35 U.S.C. § 103(a) as unpatentable over Birle, Barron's, Daughtery, and Marlowe-Noren.
 - This pertinent issue turns on whether the Appellants' arguments in support of claims 1-12, 14, and 20-24 are found persuasive.

- 1 • Whether the Appellants have sustained the burden of showing that the
2 Examiner erred in rejecting claims 32-33 under 35 U.S.C. § 103(a) as
3 unpatentable over Birle, Green, and Barron's.
- 4 ○ This pertinent issue turns on whether the Appellants' arguments
5 in support of claims 1-12, 14, and 20-24 are found persuasive.

7 FACTS PERTINENT TO THE ISSUES

8 The following enumerated Findings of Fact (FF) are believed to be
9 supported by a preponderance of the evidence.

10 *Facts Related to the Prior Art*

11 *King*

- 12 01. King is directed to a data processing method for effecting an
13 improved capital and security structure in an insurance or other
14 financial enterprise. King 1:9-12.

15 *Daugherty*

- 16 02. Daugherty is directed to an apparatus and process for
17 automatically calculating options for use in a variety of markets,
18 such as commodities or securities markets. Daugherty 1:14-17.

19 *Green*

- 20 03. Green is directed to systems and methods for creating, issuing,
21 servicing, or maintaining convertible and exchangeable financial
22 instruments and computer-based user interfaces thereof. Green ¶
23 0002.

1 *Birle*

2 04. Birle is directed to convertible and exchangeable financial
3 instruments and methods and systems for offering and servicing
4 the same, and relates more particularly to debit instruments which
5 are convertible into equity instruments. Birle ¶ 0002.

6 05. Birle describes that a bond is a common financial instrument
7 having language indicative of a principle amount, and having
8 further language indicative of a borrower's obligation to repay the
9 principal at some future time. Birle ¶ 0003. Bonds can further
10 specify the borrower's obligation to make interest payments at
11 specific times or not specify any obligation to interest payments
12 prior to maturity. Birle ¶ 0003.

13 06. Convertible bonds are instruments which have some qualities of
14 bonds as well as some of the qualities of stock, where the bond
15 can be converted by the holder into a number of shares of equity.
16 Birle ¶'s 0005 and 0009. The number of shares can be a fixed
17 number or determined by a formula. Birle ¶ 0005.

18 *Marlowe-Noren*

19 07. Marlowe-Noren is directed to demand notes and similar
20 financial products. Marlow-Noren ¶ 1.

21 *Barron's*

22 08. Barron's is directed to a dictionary of finance and investment
23 terms. Barron's Title.

- 1 09. Barron's provides that the definition of a unit, in the context of
2 securities, is more than one class of securities traded together.
3 Barron's 677: Unit definition 3. For example, a common share
4 and a subscription warrant might sell as a unit. Barron's 677: Unit
5 definition 3. Barron's further defines a unit in primary and
6 secondary distributions of securities, one share of stock or one
7 bond. Barron's 677: Unit definition 4.
- 8 10. Barron's provides that the definition of a convertible is a
9 corporate security, such as preferred shares or bonds, that is
10 exchangeable for a set number of another form at a pre-stated
11 price. Barron's 120: Convertibles.
- 12 11. Barron's provides that the definition of a subscription warrant is
13 a type of security, usually issued together with a bond or preferred
14 stock, which entitles the holder to buy a proportionate amount of
15 common stock at a specified price. Barron's 607: Subscription
16 Warrant.

17 *Facts Related To The Level Of Skill In The Art*

- 18 12. Neither the Examiner nor the Appellants have addressed the
19 level of ordinary skill in the pertinent art of financial transaction
20 systems. We will therefore consider the cited prior art as
21 representative of the level of ordinary skill in the art. *See Okajima*
22 *v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he
23 absence of specific findings on the level of skill in the art does not
24 give rise to reversible error 'where the prior art itself reflects an
25 appropriate level and a need for testimony is not shown'")

(quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

Facts Related To Secondary Considerations

13. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

101 - Bilski

The law in the area of patent-eligible subject matter for process claims has recently been clarified by the Federal Circuit in, *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *petition for cert. filed*, 77 USLW 3442 (U.S. Jan. 28, 2009) (No. 08-964).

The en banc court in *Bilski* held that “the machine-or-transformation test, properly applied, is the governing test for determining patent eligibility of a process under § 101.” *In re Bilski*, 545 F.3d at 956. The court in *Bilski* further held that “the ‘useful, concrete and tangible result’ inquiry is inadequate [to determine whether a claim is patent-eligible under § 101.]” *In re Bilski*, 545 F.3d at 959-60.

The court explained the machine-or-transformation test as follows: “A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.” *In re Bilski*, 545 F.3d at 954 (citations omitted). The court explained that “the use of a specific machine or transformation of an article must impose meaningful limits on the claim’s scope to impart patent-eligibility” and “the involvement of the machine or transformation in

1 the claimed process must not merely be insignificant extra-solution activity.”
2 *In re Bilski*, 545 F.3d at 961-62 (citations omitted).

3 The court declined to decide under the machine implementation branch
4 of the inquiry whether or when recitation of a computer suffices to tie a
5 process claim to a particular machine. *In re Bilski*, 545 F.3d at 962. As to
6 the transformation branch of the inquiry, however, the court explained that
7 transformation of a particular article into a different state or thing “must be
8 central to the purpose of the claimed process.” *In re Bilski*, 545 F.3d at 962.
9 As to the meaning of “article,” the court explained that chemical or physical
10 transformation of physical objects or substances is patent-eligible under §
11 101. *In re Bilski*, 545 F.3d at 962. The court also explained that
12 transformation of data is sufficient to render a process patent-eligible if the
13 data represents physical and tangible objects, *i.e.*, transformation of such raw
14 data into a particular visual depiction of a physical object on a display. *In re*
15 *Bilski*, 545 F.3d at 962-63. The court further noted that transformation of
16 data is insufficient to render a process patent-eligible if the data does not
17 specify any particular type or nature of data and does not specify how or
18 where the data was obtained or what the data represented. *In re Bilski*, 545
19 F.3d at 962 (citing *In re Abele*, 684 F.2d 902, 909 (CCPA 1982) (process
20 claim of graphically displaying variances of data from average values is not
21 patent-eligible) and *In re Meyer*, 688 F.2d 789, 792-93 (CCPA 1982)
22 (process claim involving undefined “complex system” and indeterminate
23 “factors” drawn from unspecified “testing” is not patent-eligible)).

24 *Claim Construction*

25 During examination of a patent application, pending claims are given
26 their broadest reasonable construction consistent with the specification. *In*

1 *re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci.*
2 *Tech Ctr.*, 367 F.3d 1359, 1369, (Fed. Cir. 2004).

3 Limitations appearing in the specification but not recited in the claim are
4 not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364,
5 1369 (Fed. Cir. 2003) (claims must be interpreted “in view of the
6 specification” without importing limitations from the specification into the
7 claims unnecessarily). *See also Tex. Digital*, 308 F.3d 1200, 1204-05.

8 Although a patent applicant is entitled to be his or her own lexicographer
9 of patent claim terms, in *ex parte* prosecution it must be within limits. *In re*
10 *Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing
11 such definitions in the specification with sufficient clarity to provide a
12 person of ordinary skill in the art with clear and precise notice of the
13 meaning that is to be construed. *See also In re Paulsen*, 30 F.3d 1475, 1480
14 (Fed. Cir. 1994) (although an inventor is free to define the specific terms
15 used to describe the invention, this must be done with reasonable clarity,
16 deliberateness, and precision; where an inventor chooses to give terms
17 uncommon meanings, the inventor must set out any uncommon definition in
18 some manner within the patent disclosure so as to give one of ordinary skill
19 in the art notice of the change).

20 *Obviousness*

21 A claimed invention is unpatentable if the differences between it and
22 the prior art are “such that the subject matter as a whole would have been
23 obvious at the time the invention was made to a person having ordinary skill
24 in the art.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007); *Graham*
25 *v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

1 In *Graham*, the Court held that that the obviousness analysis is
2 bottomed on several basic factual inquiries: “[(1)] the scope and content of
3 the prior art are to be determined; [(2)] differences between the prior art and
4 the claims at issue are to be ascertained; and [(3)] the level of ordinary skill
5 in the pertinent art resolved.” *Graham*, 383 U.S. at 17. *See also KSR*, 550
6 U.S. at 406. “The combination of familiar elements according to known
7 methods is likely to be obvious when it does no more than yield predictable
8 results.” *KSR*, 550 U.S. at 416.

9
10 *Obviousness and Nonfunctional Descriptive Material*

11 Nonfunctional descriptive material cannot render nonobvious an
12 invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d
13 1336, 1339 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed.
14 Cir. 1983) (when descriptive material is not functionally related to the
15 substrate, the descriptive material will not distinguish the invention from the
16 prior art in terms of patentability).

17 *Nonfunctional Descriptive Material*

18 Descriptive material can be characterized as either “functional
19 descriptive material” or “nonfunctional descriptive material.” Exemplary
20 “functional descriptive material” consists of data structures³ and computer
21 programs, which impart functionality when employed as a computer

³ The definition of “data structure” is “a physical or logical relationship among data elements, designed to support specific data manipulation functions.” The New IEEE Standard Dictionary of Electrical and Electronics Terms 308 (5th ed. 1993).

1 component. “Nonfunctional descriptive material” includes but is not limited
2 to music, literary works and a compilation or mere arrangement of data.

3 When presented with a claim comprising descriptive material, an
4 Examiner must determine whether the claimed nonfunctional descriptive
5 material should be given patentable weight. The Patent and Trademark
6 Office (PTO) must consider all claim limitations when determining
7 patentability of an invention over the prior art. *In re Gulack*, 703 F.2d 1381,
8 1385 (Fed. Cir. 1983). The PTO may not disregard claim limitations
9 comprised of printed matter. *See In re Gulack*, 703 F.2d at 1384; *see also*
10 *Diamond v. Diehr*, 450 U.S. 175, 191 (1981). However, the examiner need
11 not give patentable weight to descriptive material absent a new and
12 unobvious functional relationship between the descriptive material and the
13 substrate. *See In re Lowry*, 32 F.3d 1579, 1583-84 (Fed. Cir. 1994); *In re*
14 *Ngai*, 367 F.3d 1336, 1338 (Fed. Cir. 2004).

15 Thus, when the prior art describes all the claimed structural and
16 functional relationships between the descriptive material and the substrate,
17 but the prior art describes a different descriptive material than the claim,
18 then the descriptive material is nonfunctional and will not be given any
19 patentable weight. That is, we conclude that such a scenario presents no
20 new and unobvious functional relationship between the descriptive material
21 and the substrate.

ANALYSIS

*Claims 1-12, 14, and 20-24 rejected under 35 U.S.C. § 103(a) as
unpatentable over Birle and Barron*

The Examiner found that Birle describes a convertible bond and that a convertible bond is a hybrid combination security, having both a forward contract and a note. Ans. 5. The Appellants contend that Birle fails to describe a forward contract and a note (of claim 1) and a forward contract and a convertible debit instrument (of claim 22) because a Birle only describes a single instrument and therefore fails to describe a unit that includes two instruments (a forward contract and a note). App. Br. 8-12 and Reply Br. 2-3. The Appellants specifically argue that Birle only describes a bond or convertible bond and a convertible bond is not a forward contract App. Br. 8-12 and Reply Br. 2-3. The Examiner responds that under the broadest reasonable interpretation a bond, a convertible bond, or any security is a forward contract. Ans. 16-17.

We must first determine whether the Examiner's construction of a "forward contract" is proper and whether a convertible bond in Birle describes a forward contract and a note. Limitation [1] requires a forward contract to have (1) a contract term extending from an issue date to a settlement date and (2) a settlement rate for calculating a share delivery in exchange for a settlement amount. Limitation [2] further requires a note that secures the obligations of holder and permits the holder to convert the note into an amount of shares based on a formula. The contract term and settlement rate required by limitation [1] are merely non-functional data within the terms of the contract and therefore are not given any patentable

1 weight. The data fields of a contract term and a settlement rate do not
2 functionally affect the method of issuing a unit, and once issued, the contract
3 is simply a legal instrument having no physical functionality relative to the
4 substrate on which it is written. As such, these data are non-functional
5 descriptive materials that only describe the data elements of the contract.
6 Non-functional descriptive material cannot render nonobvious an invention
7 that otherwise would have been obvious. *In re Ngai*, 367 F.3d 1336, 1339
8 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983). As
9 such, we construe a forward contract using the plain and ordinary definition
10 of the term without giving any patentable weight to non-functional
11 limitations. The plain and ordinary meaning of a forward contract is it is an
12 agreement between two parties to buy/sell an asset at a future time for an
13 agreed upon, although not necessarily fixed price.

14 Birle describes a method and system for offering and servicing
15 convertible financial instruments. FF 04. Birle further describes that a bond
16 is a common financial instrument having language indicative of a principle
17 amount and having further language indicative of a borrower's obligation to
18 repay the principal at some future time. FF 05 - FF 06. Birle also describes
19 that convertible securities, such as convertible bonds, are instruments which
20 have some qualities of bonds as well as some of the qualities of stock, where
21 the bond can be converted by the holder into a number of shares of equity.
22 FF 05 - FF 06. Convertible bonds can be converted into a fixed number of
23 shares or the number of shares can be determined by a formula. FF 06. That
24 is, a convertible bond is an instrument that can be converted for
25 predetermined value at a future time for a number of shares based on a
26 formula and further contains language of an issuer's obligations under the

1 bond. As such, the conversion provision of a convertible bond is within the
2 plain and ordinary meaning of a forward contract. A convertible bond is
3 also a debit instrument or note. Therefore, the Examiner's construction of a
4 forward contract is proper and Birle does describe limitations [1] and [2] by
5 describing a convertible bond under the broadest reasonable interpretation.

6 Because we are applying a different rationale of from that of the
7 Examiner, with the contract term and settlement rate as non-functional
8 descriptive material not given patentable weight, we denominate the
9 rejection as a new ground of rejection within the meaning of 37 C.F.R. §
10 41.50(b).

11
12 *Claim 13 rejected under 35 U.S.C. § 103(a) as unpatentable over Birle,*
13 *Barron, and King*

14 The Appellants contend that Barron, Birle, and King fail to describe a
15 forwarding document and a note, as argued *supra* in support of claim 1, and
16 therefore fail to describe dependant claim 13. App. Br. 12. We disagree
17 with the Appellants. Claim 13 depends from claim 1, which is now rejected
18 under a new ground. Accordingly, we will denominate the rejection of
19 claim 13 as a new ground as well.

20
21 *Claims 15-19 rejected under 35 U.S.C. § 103(a) as unpatentable over*
22 *Birle, Barron, and Daughtery*

23 The Appellants contend that Barron, Birle, and Daughtery fail to
24 describe a forwarding document and a note, as argued *supra* in support of

1 claim 1, and therefore fail to describe dependant claims 15-19. App. Br. 12.
2 We disagree with the Appellants. Claims 15-19 depend from claim 1, which
3 is now rejected under a new ground. Accordingly, we will denominate the
4 rejection of claims 15-19 as a new ground as well.

5

6 *Claims 25- 31 rejected under 35 U.S.C. § 103(a) as unpatentable over*
7 *Birle, Barron, Daughtery, and Marlowe-Noren*

8 The Appellants contend that Barron, Birle, and Daughtery fail to
9 describe a purchase contract and a note, as argued *supra* in support of claim
10 1, and therefore fail to describe dependant claims 25-29 and 31. App. Br.
11 12. We disagree with the Appellants. Independent claim 30 requires a
12 contract term that we found does not have patentable weight *supra* and
13 therefore claim 30 and dependant claim 31 are rejected for the same reasons.
14 Since we are applying a different rationale than the Examiner in rejecting
15 these claims, we will denominate this rejection as a new ground as well.

16 Independent claim 25 does not require a contract term, but does require a
17 settlement date which also is a non-functional descriptive data field that is
18 not given any patentable. As such, Birle describes the forward contract of
19 claim 25 for the same reasons discussed *supra* and therefore claim 25 and
20 dependant claims 26-29 are rejected for the same reasons. Since we are
21 applying a different rationale than the Examiner in rejecting these claims, we
22 will denominate this rejection as a new ground as well.

23

24

*Claims 32-33 rejected under 35 U.S.C. § 103(a) as unpatentable over
Birle, Green, and Barron*

The Appellants contend that Barron, Birle, and Daughtery fail to describe a forwarding document and a note, as argued *supra* in support of claim 1, and therefore fail to describe dependant claims 32-33. App. Br. 12. We disagree with the Appellants. Independent claims 32-33 does require contract terms, which are non-functional descriptive data fields that is not given any patentable. As such, Birle describes a forward as required claim 32-33 for the same reasons discussed *supra*. Since we are applying a different rationale than the Examiner in rejecting these claims, we will denominate this rejection as a new ground as well.

NEW GROUND OF REJECTION

The following new ground of rejection is entered pursuant to 37 C.F.R. § 41.50(b). Claims 1-21 and 25-31 are rejected under 35 U.S.C. § 101 for being directed toward non-statutory subject matter.

Claims 1-21 and 25-31 recite method claims that must be evaluated under the machine-or-transformation test of *Bilski*. Independent claims 1, 25, and 30, recite methods for issuing a unit to a holder. These independent claims only recite steps and do not tie these steps to a particular machine or apparatus. Although some of the steps recite the use of a processor, these steps are not limited to a specific machine or apparatus. Additionally, the steps recited by the claims are for issuing a unit to a holder. A method for issuing a unit does not transform an article into a different state or thing. As such, claims 1-21 and 25-31 fail to satisfy the both prongs of the machine-

1 or-transformation test and are rejected under 35 U.S.C. § 101 as being
2 directed towards non-statutory subject matter.

3

4

CONCLUSIONS OF LAW

5

The Appellants have not sustained the burden of showing that the
6 Examiner erred in rejecting claims 1-12, 14, and 20-24 under 35 U.S.C.
7 § 103(a) as unpatentable over Birle and Barron's. A new ground of rejection
8 is entered 37 C.F.R. § 41.50(b) in which claims 1-12, 14, and 20-24 are
9 rejected under 35 U.S.C. § 103(a) as unpatentable over Birle and Barron's.

10

The Appellants have not sustained the burden of showing that the
11 Examiner erred in rejecting claim 13 under 35 U.S.C. § 103(a) as
12 unpatentable over Birle, Barron's, and King. A new ground of rejection is
13 entered 37 C.F.R. § 41.50(b) in which claim 13 is rejected under 35 U.S.C.
14 § 103(a) as unpatentable over Birle, Barron's, and King.

15

The Appellants have not sustained the burden of showing that the
16 Examiner erred in rejecting claims 15-19 under 35 U.S.C. § 103(a) as
17 unpatentable over Birle, Barron's, and Daughtery. A new ground of
18 rejection is entered 37 C.F.R. § 41.50(b) in which claims 15-19 are rejected
19 under 35 U.S.C. § 103(a) as unpatentable over Birle, Barron's, and
20 Daughtery.

21

The Appellants have not sustained the burden of showing that the
22 Examiner erred in rejecting claims 25- 31 under 35 U.S.C. § 103(a) as
23 unpatentable over Birle, Barron's, Daughtery, and Marlowe-Noren.

1 A new ground of rejection is entered 37 C.F.R. § 41.50(b) in which
2 claims 25- 31 are rejected under 35 U.S.C. § 103(a) as unpatentable over
3 Birle, Barron's, Daughtery, and Marlowe-Noren.

4 The Appellants have not sustained the burden of showing that the
5 Examiner erred in rejecting claims 32-33 under 35 U.S.C. § 103(a) as
6 unpatentable over Birle, Green, and Barron's. A new ground of rejection is
7 entered 37 C.F.R. § 41.50(b) in which claims 32-33 are rejected under 35
8 U.S.C. § 103(a) as unpatentable over Birle, Green, and Barron's.

9 A new ground of rejection is entered 37 C.F.R. § 41.50(b) in which
10 claims 1-21 and 25-31 are rejected under 35 U.S.C. § 101 as being directed
11 towards non-statutory subject matter.

12

13 DECISION

14 To summarize, our decision is as follows.

- 15 • The rejection of claims 1-12, 14, and 20-24 under 35 U.S.C. § 103(a)
16 as unpatentable over Birle and Barron's is sustained.
 - 17 ○ This rejection is denominated as a new ground of rejection
18 within the meaning of 37 C.F.R. § 41.50(b).
- 19 • The rejection of claim 13 under 35 U.S.C. § 103(a) as unpatentable
20 over Birle, Barron's, and King is sustained.
 - 21 ○ This rejection is denominated as a new ground of rejection
22 within the meaning of 37 C.F.R. § 41.50(b).

- 1 • The rejection of claims 15-19 under 35 U.S.C. § 103(a) as
2 unpatentable over Birle, Barron's, and Daughtery is sustained.
 - 3 ○ This rejection is denominated as a new ground of rejection
4 within the meaning of 37 C.F.R. § 41.50(b).
- 5 • The rejection of claims 25- 31 under 35 U.S.C. § 103(a) as
6 unpatentable over Birle, Barron's, Daughtery, and Marlowe-Noren is
7 sustained.
 - 8 ○ This rejection is denominated as a new ground of rejection
9 within the meaning of 37 C.F.R. § 41.50(b).
- 10 • The rejection of claims 32-33 under 35 U.S.C. § 103(a) as
11 unpatentable over Birle, Green, and Barron's is sustained.
 - 12 ○ This rejection is denominated as a new ground of rejection
13 within the meaning of 37 C.F.R. § 41.50(b).
- 14 • A new ground of rejection is entered pursuant to 37 C.F.R. § 41.50(b).
 - 15 ○ Claims 1-21 and 25-31 are rejected under 35 U.S.C. § 101 as
16 being directed towards non-statutory subject matter.

17
18 Our decision is not a final agency action.

19 In addition to affirming the Examiner's rejection(s) of one or more
20 claims, this decision contains new grounds of rejection pursuant to 37 C.F.R.
21 § 41.50(b). 37 CFR § 41.50(b) provides "[a] new ground of rejection
22 pursuant to this paragraph shall not be considered final for judicial review."

1 This Decision contains a new rejection within the meaning of 37
2 C.F.R. § 41.50(b) (2007).

3 37 C.F.R. § 41.50(b) also provides that Appellants, WITHIN TWO
4 MONTHS FROM THE DATE OF THE DECISION, must exercise one of
5 the following two options with respect to the new rejection:

6 (1) Reopen prosecution. Submit an appropriate amendment of
7 the claims so rejected or new evidence relating to the claims
8 so rejected, or both, and have the matter reconsidered by the
9 Examiner, in which event the proceeding will be remanded
10 to the Examiner. . . .

11 (2) Request rehearing. Request that the proceeding be reheard
12 under § 41.52 by the Board upon the same record. . . .

13 Should the Appellants elect to prosecute further before the examiner
14 pursuant to 37 CFR § 41.50(b)(1), in order to preserve the right to seek
15 review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection,
16 the effective date of the affirmance is deferred until conclusion of the
17 prosecution before the Examiner unless, as a mere incident to the limited
18 prosecution, the affirmed rejection is overcome.

19 If the Appellants elect prosecution before the Examiner and this does
20 not result in allowance of the application, abandonment or a second appeal,
21 this case should be returned to the Board of Patent Appeals and Interferences
22 for final action on the affirmed rejection, including any timely request for
23 rehearing thereof.

24 No time period for taking any subsequent action in connection with this
25 appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. §
26 1.136(a)(1)(iv).

1

2

AFFIRMED

3

41.50(b)

4

5

6

7 mev

8

9 CHADBOURNE & PARKE LLP

10 30 ROCKEFELLER PLAZA

11 NEW YORK NY 10112